

A Resolution Authorizing an Application
to the State of Illinois for Federal Rental Rehabilitation Funds
and Approving a Revised Program Procedures Manual

WHEREAS, the City of Urbana has previously applied for and received \$320,000 from the Illinois Department of Commerce and Community Affairs for rehabilitation of substandard rental housing units in targeted neighborhoods of the city; and

WHEREAS, on October 17, 1988, the Urbana City Council adopted a revised Program Procedures Manual to guide implementation of the Urbana Rental Rehabilitation Program; and

WHEREAS, the Urbana Community Development Division has spent or obligated all rental rehabilitation funds heretofore granted to the city in accordance with said Program Procedures Manual; and

WHEREAS, there continue to exist in the City of Urbana low- and moderate-income households residing in substandard rental units.

NOW, THEREFORE, be it resolved by the City Council of the City of Urbana, Illinois, as follows:

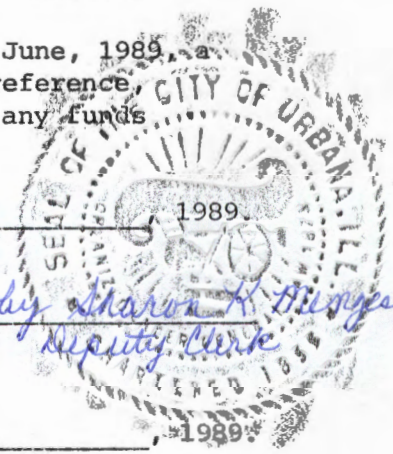
Section 1. That the Community Development Division staff is hereby authorized and directed to prepare an application for \$794,000 in Federal Rental Rehabilitation funds from the Illinois Department of Commerce and Community Affairs including \$10,000 for Rental Rehabilitation program administration.

Section 2. That the Mayor of the City of Urbana is hereby designated as the authorized representative of the City of Urbana to take any action necessary and to provide such additional information and execute such certifications as may be required in connection with such application.

Section 3. That the revised Program Procedures Manual dated June, 1989, a copy of which is attached hereto and hereby incorporated by reference, be and the same is hereby approved for the administration of any funds received by the City in connection with such application.

PASSED by the City Council this 19th day of June 1989.

Ruth S. Brookens by Sharon A. Dilgys
Ruth S. Brookens
City Clerk
Deputy Clerk



APPROVED by the Mayor this 30th day of June 1989.

Jeffrey T. Markland
Jeffrey T. Markland
Mayor

RENTAL REHABILITATION PROGRAM
PROCEDURES MANUAL

PREPARED BY

CITY OF URBANA
DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES
COMMUNITY DEVELOPMENT DIVISION

June 1989

FUNDED BY
THE STATE OF ILLINOIS
DEPARTMENT OF COMMERCE
AND COMMUNITY AFFAIRS

CITY OF URBANA
COMMUNITY DEVELOPMENT DIVISION
RENTAL REHABILITATION PROGRAM

Introduction

The City of Urbana through its Community Development Division has been involved in housing rehabilitation activities in the Community Development Target Areas and throughout the City of Urbana for the past thirteen years. Until 1984 all of the housing assistance programs administered by the Community Development Division were available only to homeowners. Substandard rental property has been addressed since 1984 when the Urbana City Council appropriated \$30,000 of its entitlement fund for a Rental Rehabilitation Deferred Loan Program to serve low income tenant households within the designated target areas.

Reasons for establishment of the Rental Rehabilitation Deferred Loan Program include:

- 1) The Community Development Program is designed to benefit low- to moderate-income persons. Most low- to moderate-income persons cannot afford to purchase a house and, therefore, must occupy rental property. By not addressing rental property the program had been excluding a large percentage of low- to moderate-income persons in Urbana from participating in the benefits of the Community Development Program.
- 2) Rental Property, when substandard, tends to have more Housing Code deficiencies than owner-occupied properties.
- 3) To upgrade a targeted area or neighborhood, it is necessary to address all substandard dwellings so as to accomplish a significant and lasting impact. Substandard dwellings mixed with upgraded structures diminish the impact of the Program.
- 4) Urbana's Housing Assistance Plan shows a substantial number of substandard rental units occupied by low- and moderate-income persons.

The needs of low-income tenants for standard rental housing is increasing, both in the City of Urbana and throughout the State of Illinois. In order to address this need, the Department of Housing and Urban Development (HUD) has appropriated special funds for Rental Rehabilitation activities in addition to the Community

Development Block Grant Entitlement Program. These funds are divided into two distinct programs, a Rental Rehabilitation Entitlement Program for communities with populations that exceed 50,000 and a competitive program administered by the State of Illinois for communities with populations less than 50,000. The City of Urbana is in the second category.

In June 1985 the City of Urbana applied for and received \$100,000 in special rental rehabilitation funds from the State of Illinois. The city received an additional \$70,000 in October 1985 and \$150,000 in October 1988. The city has used these funds to help renovate 83 units. Funds were expended in conformance with Rental Rehabilitation Program procedures approved by City Council and consistent with Federal program regulations.

Eligibility Criteria

To be eligible for the Urbana Rental Rehabilitation Program, the rental unit, owner and tenant must meet the following criteria.

1. Structure Eligibility

- a) The structure may be a single family residence, duplex, or multiple-family building. Mixed-use buildings are eligible but only if residential floor space accounts for more than half of the floor space in the building. Group homes/boarding houses are ineligible in the program.
- b) The structure must be located in the designated target area (see Attachment A).

The Urbana Rental Rehabilitation Target Area was determined based on Federal regulations requiring that the median income of each block group included in the area be below 80 percent of the Champaign County median income.

2. Owner Eligibility

- a) The property owner participating in the Rental Rehabilitation Program must be 1) owner of record; 2) a mortgagor; or 3) a contract buyer.

The owner must be willing to abide by all provisions of the Rental Rehabilitation Program, including the commitment of leveraged funds, adherence to affirmative marketing and tenant assistance policies, and payment of prevailing wages to laborers rehabilitating the structure (projects involving 12 or more units). Contract buyers

may participate in the program only if the owner of record agrees to assume responsibility for loan repayment in the event of contract buyer default.

3. Tenant Eligibility

- a) In single family and duplex units, tenancy must be 100 percent low- and moderate-income at the time of owner application. In buildings containing 3 or more units, tenancy must be at least 70 percent low- or moderate-income or vacant at the time of owner application.

Program Structure

Rental Rehabilitation is accomplished by matching Federal funds with private financing on a dollar-for-dollar basis. However, the public subsidy cannot exceed \$6,500 per one-bedroom unit, \$7,500 per two-bedroom unit, and \$8,500 per three-bedroom or larger unit. The City of Urbana provides Federal funds in the form of a deferred loan to the property owner. The deferred loan requires no monthly payment and bears no interest but must be repaid to the city upon sale of the affected property. The City takes a subordinate lien on the property to assure repayment from the proceeds of the sale. In projects involving \$100,000 or more in Federal rental rehabilitation funds, the deferred loan is subject to a cap negotiated by Community Development Division staff not to exceed 15 years. In the case of a 15-year cap, for example, the deferred loan would be payable to the City 15 years after loan closing in the event that the property is not sold before then.

The property owner may match Federal funds with cash or with funds secured from a financial institution. The owner must show proof of his/her ability to provide matching funds at the time of contract signing.

Case Processing

The Urbana Rental Rehabilitation Program is administered by the Urbana Community Development Division of the Urbana Department of Community Development Services. An applicant whose property meets eligibility criteria submits a loan application to the Community Development Division. The application includes information on the owner as well as existing tenants. Application information is verified by CDD staff.

Once the application has been approved, CDD staff meets with the property owner to discuss remodeling needs and coordinates an inspection of the property by Building Safety Division inspectors. CDD staff, in consultation with inspectors, identifies items to be rehabilitated so that the property meets HUD Section 8 housing standards and Urbana Minimum Housing Standards. The CDD Rehabilitation Specialist assigned to the case prepares a list of work to be done and submits the list to the property owner, who may add any cosmetic/aesthetic improvements of his or her choice. The property owner uses this list to solicit proposals from contractors. CDD staff reviews and approves proposals submitted to the owner. Prior to beginning work the owner and contractor execute a construction agreement approved by the CD Manager. The owner also signs a promissory note and mortgage for city loan funds.

The owner may choose to act as general contractor on the project and may elect to do some work him/herself. If either option is used by the owner, no labor costs associated with the owner's time can be considered in determining the city loan amount. The owner may perform electrical or plumbing work only if properly licensed.

The Community Development Division disburses funds to the owner/contractor upon submission of proper documentation, including receipts and lien waivers.

Rent Assistance for Tenants in Remodeled Apartments

The City of Urbana strives to assure that priority is given to rental rehabilitation projects with the greatest benefits to low- and moderate-income tenants. The use of Section 8 certificates and vouchers makes it feasible for lower income tenants to remain in their dwellings after renovation.

Under the Section 8 program, tenants in buildings undergoing renovation through the rental rehabilitation program are offered the opportunity to apply for a Section 8 voucher or certificate through the Champaign County Housing Authority. With the certificate or voucher the tenant's rent payments are limited to 30 percent of his or her household income. The balance is paid by the Housing Authority. If a unit is vacant when renovation is completed, the property owner may request a Section 8 - eligible applicant from the Housing Authority waiting list. Inquiries concerning available vacant units received by the Community Development Division are referred to the Housing Authority for processing. Availability of Section 8 certificates/vouchers for rental rehabilitation projects fluctuates depending on congressional

allocations. Consequently, availability of Section 8 cannot be guaranteed at the time of project completion.

Under the Section 8 program the property owner retains the right to select the tenant and establish the rent amount. Participation in the Section 8 program is optional under the Rental Rehabilitation Program. The property owner may decide not to accept Section 8 certificates and vouchers.

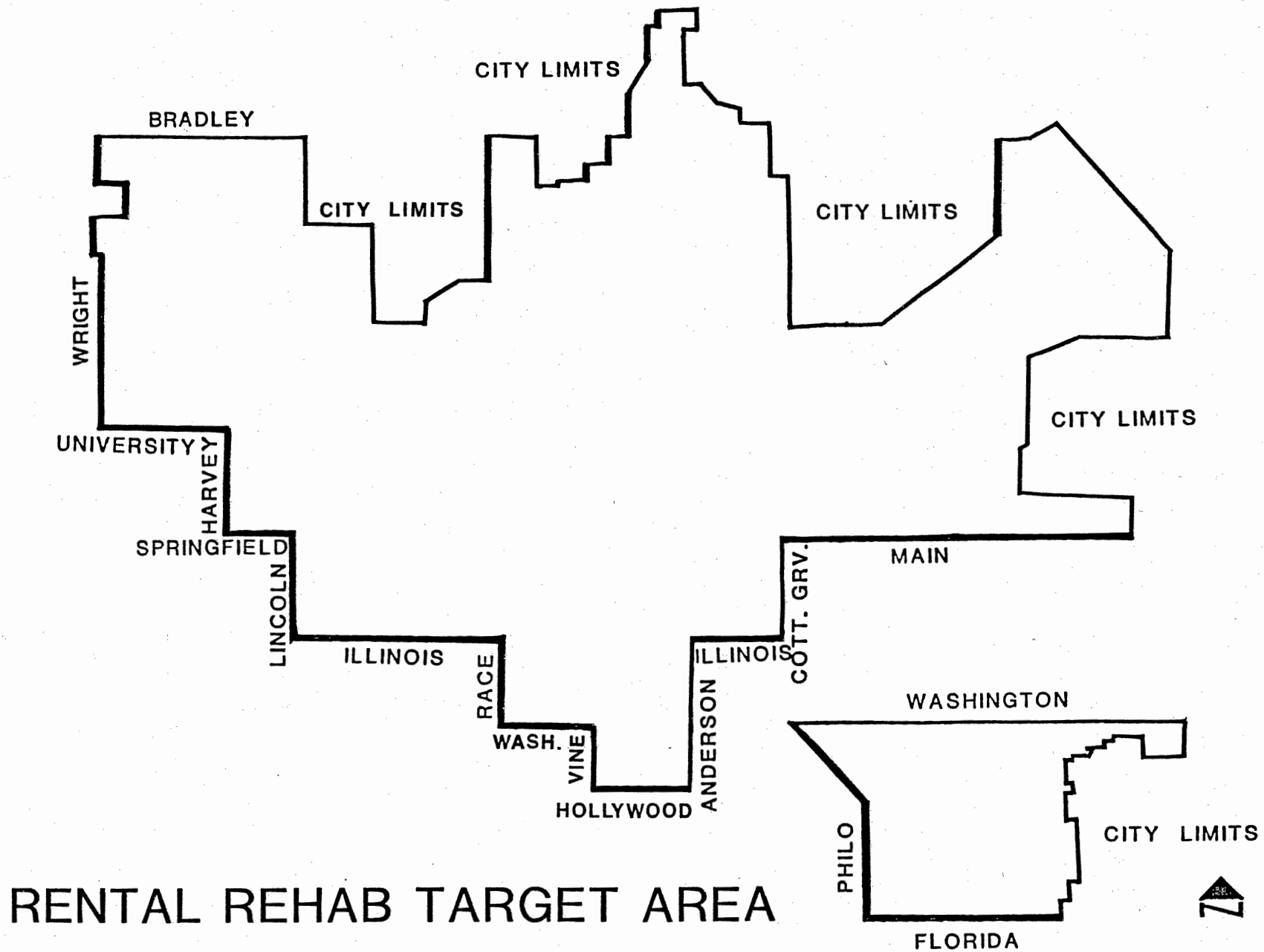
Other Program Requirements

Property owners participating in the rental rehabilitation program must follow Federal guidelines pertaining to the program including a regulation prohibiting conversion of remodeled units to condominiums for ten years after completion of the units.

Property owners must follow Federal, State and local guidelines regarding nondiscrimination in renting, including the Federal Fair Housing Act and the Urbana Fair Housing ordinance.

Property owners must agree to provisions of the Affirmative Marketing Policy and Implementing Procedures (see Attachment B) and the Tenant Assistance Policy (see Attachment C).

Property owners must agree to pay Federally-determined prevailing wages to laborers rehabilitating properties having 12 or more units after rehabilitation.



RENTAL REHAB TARGET AREA

CITY OF URBANA
COMMUNITY DEVELOPMENT DIVISION
AFFIRMATIVE MARKETING POLICY AND IMPLEMENTING PROCEDURES
RENTAL REHABILITATION PROGRAM

Statement of Policy

In accordance with Section 511.10(m)(2) of the Rental Rehabilitation Program and in furtherance of the City of Urbana's commitment to non-discrimination and equal opportunity in housing, the Urbana Community Development Division establishes procedures to affirmatively market units rehabilitated under the Rental Rehabilitation Program. These procedures are intended to further the objectives of Title VIII of the Civil Rights Act of 1968, Executive Order 11063, and the Urbana City Code.

It is the intent of the City of Urbana to secure an end in the city to discrimination in housing including, but not limited to discrimination by reason of race, color, creed, class, national origin, religion, sex, age, marital status, physical and mental handicap, personal appearance, sexual preference, family responsibilities, matriculation, political affiliation, prior arrest or conviction record, or source of income. It shall be an unlawful practice to refuse to negotiate for, enter into, or perform any lease of any real property or to require different terms for such lease or to represent falsely that the property is not available for lease or occupancy when in fact it is. It is further unlawful to refuse or restrict facilities, services, repairs, or improvements for a tenant or lessee.

It is the affirmative marketing goal of the City of Urbana to assure that individuals who normally might not apply for the vacant rehabilitated units because of their race or ethnicity

- . know about the vacancies
- . feel welcome to apply
- . have the opportunity to rent the units

This policy will be carried out through the following procedures.

Informing the public, potential tenants, and owners about Federal fair housing laws and affirmative marketing policies.

The City of Urbana Community Development Division will inform the public, potential tenants, and owners about its affirmative marketing policy, Title VIII, and Executive Order 11063. It will

- . place a public notice in the Champaign-Urbana News-Gazette
- . include the HUD Equal Housing Opportunity logo or slogan in all press releases and owner solicitations
- . meet with property owners interested in the program
- . inform tenants of buildings renovated through the Rental Rehabilitation Program of this Affirmative Marketing Policy and Implementing Procedures

Informing Potential Tenants About Available Vacant Units

The City of Urbana Community Development Division will require participating property owners to contact them as soon as they know a unit in their rehabilitated property is to become available. This requirement shall remain in force for a seven year period beginning on the date of final payout by the city. We will advise owners to give the Community Development Division information about vacant units as close to 30 days prior to the upcoming vacancy as possible.

When the Community Development Division learns of vacancies, it will make information about them known by advertising in the Champaign-Urbana News-Gazette. The City of Urbana Community Development Division will not advertise to the general public until a minimum of one week has passed since the beginning of special outreach efforts described below. All advertisements will contain the HUD Equal Housing Opportunity logotype.

Special Outreach Efforts

The City of Urbana Community Development Division has analyzed the racial/ethnic characteristics of current tenants and residents of its Rental Rehab Target Area. Based on this analysis, the Community Development Division has determined that black persons are not likely to apply for housing in Census Block Groups other than 53-2, 53-3, 54-2, and 56-1 without special outreach. Consequently, the Community Development Division will contact the following organizations and request that they make information on the vacant units available to their clients:

- . Urban League of Champaign County
- . Developmental Services Center
- . Family Service of Champaign County

- . Champaign County Housing Authority

Staff members of the Community Development Division will meet with representatives of these organizations to inform them about special outreach procedures.

Whenever possible, these special outreach efforts will begin two weeks prior to informing the general public about available units through advertising in the Champaign-Urbana News-Gazette.

Recordkeeping

The City of Urbana Community Development Division will keep records in accordance with Section 511.71(a)(2) of the Rental Rehabilitation Program regulations. In accordance with the requirements, the city will keep data on race/ethnicity and gender of

- . tenants occupying units before rehabilitation
- . tenants moving into projects initially after rehabilitation
- . applicants for tenancy within 90 days following completion of the rehabilitation project

Assessment and Corrective Actions

Effectiveness of these affirmative marketing efforts will be assessed as follows:

- a. To determine if good faith efforts have been made, information in the records will be compared with required marketing and outreach actions. If the required actions have been taken, it will be determined that good faith efforts have been made.
- b. To determine results, the Community Development Division will examine whether black persons applied or became tenants of vacant units, particularly those outside Census Block Groups 53-2, 53-3, 54-2 and 56-1. If it is found that black persons have not applied or become tenants, procedures will be reviewed to determine what changes, if any, might be made to make affirmative marketing more effective.

The City of Urbana Community Development Division will take corrective actions if it is found that property owners fail to carry out procedures required of them. If, after discussing with owners ways to improve procedures, the owners continue to fail to meet affirmative marketing requirements, the Community Development Division will consider disqualifying an owner from future participation in the Urbana Rental Rehabilitation Program.

CITY OF URBANA

RENTAL REHABILITATION PROGRAM

TENANT ASSISTANCE POLICY

Introduction

The City of Urbana Community Development Division, pursuant to regulations of the U.S. Department of Housing and Urban Development (HUD), is hereby adopting this Tenant Assistance Policy as part of its Rental Rehabilitation Program. The Tenant Assistance Policy addresses the concerns of displacement and discrimination as a result of the Urbana Rental Rehabilitation Program. The Policy also contains a component for the provision of counseling tenants who reside in units to be rehabilitated.

Displacement

Displacement for purposes of the Urbana Rental Rehabilitation Program shall mean: "the displacement of a tenant household which is forced to move involuntarily and permanently from a structure under rehabilitation as a direct consequence of the Urbana Rental Rehabilitation Program." A tenant shall not be considered displaced if the tenant has been offered a decent, safe, and sanitary dwelling unit in the building under rehabilitation at an affordable rent.

The Tenant Assistance Policy and the City of Urbana Rental Rehabilitation Program Application expressly prohibit the permanent displacement of any tenant residing in an affected unit.

In order to prevent displacement of tenant households, rehabilitation will be undertaken in a manner that will allow continued occupancy throughout the rehabilitation process. Further, the use of Section 8 Certificates, specifically earmarked for the Urbana Rental Rehabilitation Program, will assure affordable rents for all eligible lower-income households affected by the Rental Rehabilitation Program. The Certificates will guarantee that rents will not exceed Fair Market Rent for Champaign County, as set by HUD.

Tenant Counseling and Temporary Replacement Housing

Each tenant household residing in a unit affected by the Urbana Rental Rehabilitation Program will receive information on the program and its likely impact on the household. The household will be given a construction schedule. The Community Development Division will also counsel eligible low-income tenants on the receipt of Section 8 Certificates and vouchers from the Champaign County Housing Authority after rehabilitation of the unit.

Attachment C

Temporary relocation of a tenant due to unavoidable short-term disruption of a household shall be allowed only in extreme cases and then only with prior approval of the Urbana Community Development Division. It shall be the owner's responsibility to locate and provide suitable temporary replacement housing in such instances. The cost of said housing shall be considered an eligible rehabilitation cost subject to 50 per cent reimbursement by the State Rental Rehabilitation Fund only if the following conditions are met: (1) the tenant is relocated to a lodging facility included on the list of eligible lodging facilities maintained and periodically updated by the Urbana Community Development Division and (2) no more than three nights of temporary relocation costs may be claimed by the owner per dwelling unit.

Equal Opportunity and Fair Housing Provisions

The City of Urbana Rental Rehabilitation Program will abide by all Federal, State, and local laws governing Equal Opportunity and Fair Housing in the award of Rental Rehabilitation Loans, protection of the tenant households, and distribution of Section 8 Certificates and vouchers. The city shall not discriminate in providing information, counseling, referrals, or other relocation services to persons temporarily relocated. The city further pledges that the practice and methods of administering the Rental Rehabilitation Program will not result in the displacement of persons because of their race, color, religion, sex, age, handicap, or national origin.

Revised 2/11/88